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Awareness and Significance of E-Banking among Rural India

Asma K. Bagwan*

Dr. Sarang S. Bhola**

ABSTRACT

E-banking has been penetrated in the rural area as well and with the advanced availability of infrastructure the services have been spread to the geography. But still owing to non-internet connectivity or poor internet connectivity, though bankers are ready to provide the e-services it cannot be availed. The rate of adopting e-banking services is not satisfactory in rural area. This research paper is an effort made to find out value delivered to rural customers by e-banking services. Objective of this paper is to know the awareness and significance of e-banking in rural Satara. It is found that 66.5% samples are not aware about e-banking in rural Satara, Maharashtra and bankers agree that e-banking is significant in rural area of Satara. The negative value of one sample 't' test reveals that the sample bank account holder are not agree with the significant impact of e-banking on the rural people.

Keywords: E-banking, Rural banking, Satara District

Introduction:

E-banking is vital part of service quality. In today's cut throat competition offering variety of services is need of every bank. E-banking helps to give quality service. Because role of human being is cut down due to E-banking.

"Internet banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels" (Daniel, 1999; Sathye, 1999).

E-banking enables bank customers to handle account management and do account transactions directly with the bank through the internet. There is no need to go in bank.

E-banking is method of banking in which the customer conducts transactions electronically via the Internet.

Review of Literature:

In rural area access of banking services is challenging task. In such case it is important to know what is role of Internet Banking in rural area does it significant or not. In this regard some researchers have contributed their thoughts

Rao conducted research to assess the customer awareness about different services provided by the SBI in rural areas. It is found that SBI customers have less awareness about the E-banking services provided by the bank in the rural areas. Most

of the customers are not aware about types of products and services offered by the banks. The major lacunas of SBI was lack of awareness of internet banking among the customers, obsolescence of technology related to security, complicated procedures of availing internet banking facilities in the rural area. It is also concluded that SBI Employees are not properly aware with all E banking services. (Rao & Chilumuri Srinivasa, 2013)

Another study was conducted on rural customer's satisfaction from E-Banking in India. Study found that rural customers are quite satisfied with the provisions of updating, accuracy of transactions and convenience. However, they were not found to be much satisfied with the regulatory mechanism and compensation given in case of fraudulent attack by unauthorized person or error by bank. Further they expect better services should be provided for differently able persons. Most of them were also not aware about multi-language provision in e-banking. (Nishi &, Sharma, Dec 2012)

Some of reasons of not using internet banking in rural side are lack of education, missing E-banking awareness, no prior knowledge of computer and its peripherals, fear to perform bank transaction on machine, mentality to unchanged from manual activities, unfaith on computer machine, Economically unsound situation (Potadar, Santosh. B. Hidayatulla K. Pirjade, 2013)

On contrast E-banking is also found to be beneficial in rural area. According to one study 60% of the respondents reported

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that modern technology usage by banks in rural areas had improved the quality of services. E-banking method is regarded as more important than branch banking. Most customers prefer banking through ATMs followed by cellphones, and the least preferred method is telephone banking (Masochal, 2011) internet banking users are satisfied with internet banking reliability, internet banking usability, internet banking quality. They have also positive attitude regarding internet banking and they are willing to recommend it. Internet banking quality cannot be considered as factor that delays adoption of internet banking and use of internet banking as environment for marketing. (Rullis & Hermanis, 2011)

Consumers prefer I-banking because it saves time and convenient to use, should be user friendly and best in security. Reasons for using I-banking facilities are, by having traditional account in the same bank and excellent services provided by it. Balance inquiry are the mostly preferred facilities of I-banking. (Parmar Bhavesh J., Ranpura, Patel, & Patel)

Research Methodology:

Study has been undertaken to test the hypothesis i.e. selected E-banking services add significant values to the rural banking customer. The prime objective of study is to know awareness and significance of e-banking in rural Satara.

In rural area all sectors bank are coming with advanced infrastructure facilities. Major banks provides e -banking service to its consumers. But rates of availing e-banking services are not satisfactory in rural area. So there is need to study reasons behind not availing e-banking service by rural population, significance of e-banking in rural area. So study is conducted on awareness of e-banking in rural area of Satara District.

The study is conducted in Satara district of Maharashtra State of India .Structured codified; close ended schedule was used as

an instrument in order to collect data from samples. It includes 14 variables which are assessed by using five point likert scale.

Total 96 bank officials and 1409 sample bank account holder are interviewed by using convenient sampling method. Data is analyzed using mean and SD data were taken on five point likert scale. Present research is descriptive inferential in nature and data analysis was done by using percentage, measures of central tendency and measures of dispersion. Hypothesis tested by using Independent sample t test.

Data Analysis and Interpretation:

The data was entered in Ms-Excel with data validation check. The data was further validated with the help of SPSS. The filtered and validated data was subjected to test of reliability using Cronbach’s Alpha of 14 variables calculated to be 0.796. Data was classified and presented in tables.

Table: 1: Customers’ opinion about E-banking Awareness

Following table shows e-banking awareness among rural people. Data presented using frequencies and percentages.

| Aware | Frequency | Percentage |
|--------------|-------------|------------|
| Yes | 472 | 33.5 |
| No | 937 | 66.5 |
| Total | 1409 | 100 |

Source: (Field data)

Above table 1 show that out of total samples taken for study 66.5% of samples are not aware about e-banking and only 33.5% samples are aware about e-banking. This leaves scope for e-banking in rural area. Bank has to take effort in making rural population aware about e - banking.

Table 2 shows scenario of e-banking services in rural area. Total 1409 samples were interviewed for study and 472 samples found aware of e-banking. Opinions of these samples

Table: 2: E-banking Services Availed by Samples

| Sr | Services | Public | | | Private | | | Co -operative | | | Total | | |
|----|------------------------------------|--------|-------|--------|---------|-------|--------|---------------|-------|--------|-------|-------|--------|
| | | N | avail | % of N | N | avail | % of N | N | avail | % of N | N | avail | % of N |
| 1 | Balance Inquiry | 330 | 307 | 93 | 23 | 16 | 69.6 | 70 | 60 | 85.7 | 423 | 383 | 90.5 |
| 2 | ATM card/ Debit card/ Credit card | 328 | 327 | 99.7 | 23 | 23 | 100 | 70 | 68 | 97.1 | 421 | 418 | 99.3 |
| 3 | Electronic Fund Transfer NEFT/RTGS | 288 | 235 | 81.6 | 23 | 13 | 56.5 | 59 | 48 | 81.4 | 370 | 296 | 80 |
| 4 | Bill payment | 241 | 177 | 73.4 | 16 | 13 | 81.2 | 24 | 13 | 54.2 | 281 | 203 | 72.2 |
| 5 | Mini Statement of Account | 209 | 134 | 64.1 | 15 | 12 | 80 | 18 | 4 | 22.2 | 242 | 150 | 62 |
| 6 | Stock & trading (DMAT) | 167 | 61 | 36.5 | 13 | 10 | 76.9 | 13 | 5 | 38.5 | 193 | 76 | 39.4 |

Source: (Field data)

have been assessed for the e-banking services availed. Analysis of 472 samples has been done considering it has 100 percent respondents

Table 2 depicts scenario of e-banking services availed in rural area. 99.3% sample customers out of whom aware of e-banking from total sample found uses ATM card/ Debit card/ Credit card followed by 90.5 % avail balance inquiry whereas 39.4% respondents i.e. avail stock and trading DMAT service.

In Public sector banks 99.7 % sample customers and 93% use ATM card/ Debit card/ Credit card and balance enquiry service respectively. In private sector entire samples found uses ATM card/ Debit card/ Credit card. In co-operative sector 97.1% samples found uses ATM card/ Debit card/ Credit card.

Overall it is said that E-banking services like ATM card/ Debit card/ Credit card and balance enquiry are availed maximum by sample customers, out of total samples who are aware of e-banking. This shows poor penetration of e-banking services in rural area.

Table 3 shows satisfaction of customers about E-banking services. Mean, SD is calculated and rank is given on mean basis.

Table 3 shows satisfaction of respondents towards e-banking services. Mean satisfaction score ranges from 3.70 to 3.99 and SD ranges from 0.89 to 1.03. Maximum customers are satisfied about mini statement of account and balance inquiry services which secure rank I and II having mean satisfaction score of 3.99 and 3.94 respectively. Whereas customers are less satisfied about ATM card/ debit card/ credit card and electronic fund transfer services as it secures rank 5 and 6 with a mean score 3.70 and standard deviation 0.89.

Opinions of samples with sample Public sector banks towards satisfaction of e-banking services, the mean ranges from 3.68

to 3.89 and SD between 0.90 to 1.28. It shows sample customers are moderately satisfied about e-banking services. Respondents are more satisfied about mini statement of account and balance inquiry, whereas less satisfied about ATM card/ debit card/ credit card.

With sample customers of Private sector the mean ranges from 3.04 to 4.7 and SD between 0.45 to 1.27. It shows sample customers are moderately satisfied about E-banking services. Respondents are more satisfied about mini statement of stock & trading (DMAT). Whereas customers are less satisfied about ATM card/ debit card/ credit card.

In co-operative sector samples opinion mean ranges from 3 to 4 and SD between 0.91 to 1.27. Contrary in co-operative sector respondents are more satisfied about ATM card/ Debit card/ Credit card and balance Inquiry and less satisfied about mini statement of account and DMAT services both have mean satisfaction score of 3.

Table 4 probes into analysis of data using mean and SD of significance of e-banking in rural area from the view point of customer.

Table 4 shows significance of E-banking in rural area. Mean agreement score ranges from 3.36 to 4.50 and SD ranges from 0.628 to 1.55. Mean score falls into agreement level and SD is within acceptable range. Maximum customers opine that internet banking saves their time, it secures first five ranks. The mean agreement score for time category above ranges from 4.43 to 4.50. Followed by it the factor convenience has found to be preferred by sample customer. Sample customers are partially agreed that e-banking leads development since it secures last five ranks. Its mean is less i.e. 3.36 to 3.82 but standard deviation ranges high i.e. 1.27 to 1.55. which shows deviation in opinions.

Table 3: Customers’ opinion about Satisfaction of e-banking services

| Sr | Services | Public | | | Private | | | Co-operative | | | Total | | | |
|----|------------------------------------|--------|------|---|---------|------|---|--------------|-----|---|-------|------|---|--|
| | | M | SD | R | M | SD | R | M | SD | R | M | SD | R | |
| 1 | Balance Inquiry | 3.90 | .90 | 2 | 4.3 | .48 | 3 | 4 | .91 | 1 | 3.94 | .45 | 2 | |
| 2 | ATM card/ Debit card/ Credit card | 3.68 | 1.2 | 6 | 3.4 | 1.27 | 6 | 3.9 | 1.2 | 2 | 3.70 | .89 | 6 | |
| 3 | Electronic Fund Transfer NEFT/RTGS | 3.82 | 1.09 | 5 | 4.1 | .85 | 4 | 3.4 | 1.2 | 4 | 3.78 | 1.22 | 5 | |
| 4 | Bill payment | 3.88 | 1.04 | 4 | 4.0 | .73 | 5 | 3.9 | 1.2 | 2 | 3.89 | 1.10 | 4 | |
| 5 | Mini Statement of Account | 3.95 | 1.06 | 1 | 4.7 | .45 | 1 | 3 | 1.7 | 5 | 3.99 | 1.03 | 1 | |
| 6 | Stock & trading (DMAT) | 3.89 | 1.28 | 3 | 4.5 | .97 | 2 | 3 | .00 | 6 | 3.91 | 1.07 | 3 | |

Source: (Field data)

Table 4: Customer’s opinion about Significance of E-banking in rural area

| Sr | Category | Statements | M | SD | R |
|----|-----------------------------|--|------|------|----|
| 1 | Time | a)Internet banking saves our Time | 4.50 | 0.66 | 1 |
| | | b)saved time can be utilized elsewhere for productive purpose | 4.43 | 0.69 | 5 |
| | | c) Internet banking is available at 24x7 | 4.44 | 0.72 | 4 |
| | | d) Internet banking Works fast | 4.44 | 0.73 | 3 |
| | | e) I don't have to wait in line. | 4.53 | 0.63 | |
| | | f) I don't have to plan my day around the bank's hours | 4.45 | 0.72 | 2 |
| 2 | Place | a) bank at your finger tips | 4.34 | 0.85 | 11 |
| | | b) There is no need to travel | 4.38 | 0.79 | 8 |
| | | c) green banking owing to save in transportation | 4.28 | 0.89 | 16 |
| | | d)All services that are usually available from the local bank can be found on a single website from home or office | 4.29 | 0.90 | 13 |
| 3 | Safety | a)I need not to carry cash | 4.31 | 0.86 | 12 |
| | | b)I can check my account balance at any time (at the time of official tour,holidays) | 4.37 | 0.78 | 9 |
| | | c) Any fraudulent activity can be known | 4.28 | 0.89 | 14 |
| 4 | Convenience | a)I can transact as per my convenience | 4.40 | 0.77 | 7 |
| | | b)I can transact with more comfort | 4.42 | 0.77 | 6 |
| | | c)Internet banking provides easy access to bank transactions | 4.36 | 0.83 | 10 |
| 5 | Mobility | Internet banking is available in mobile also so transactions are now done mobile . | 4.25 | 0.95 | 15 |
| 6 | Low errors Fast & Efficient | a)In Internet banking possibility of error is less compare to manual banking. | 4.19 | 1.01 | 18 |
| | | b)and Internet banking manages several accounts and several transactions easily. | 4.25 | 0.90 | 17 |
| 7 | Development | a)Standard of living increases | 3.82 | 1.27 | 19 |
| | | b)Increase in confidence | 3.71 | 1.36 | 20 |
| | | c)Financial development | 3.40 | 1.54 | 21 |
| | | d) Social development | 3.36 | 1.55 | 22 |

(N=1011)

The reasons behind non using of e-banking services were sought on five point scale and analyzed using mean and standard deviation as follows.

Table 5: Reasons behind not Using E- banking

| Sr | Reasons | M | SD | Rank |
|----|--------------------------------------|------|------|------|
| 1 | It is unsecure | 2.80 | 1.46 | 6 |
| 2 | I fear to such transactions | 2.92 | 1.48 | 2 |
| 3 | I don't believe on E-banking | 2.91 | 1.48 | 3 |
| 4 | I am illiterate | 2.81 | 1.45 | 5 |
| 5 | Bank has not given training | 2.90 | 1.44 | 4 |
| 6 | I feel Traditional banking is better | 3.10 | 1.45 | 1 |

Source: (Field data)

Table 5 shows customers opinion about reasons of not using E-banking. The mean ranges from 2.80 to 3.10 which is reasonable agreement level. And SD is also above 1 which is beyond acceptance level. It means there is deviation in opinion of sample customer.

It is revealed that maximum respondents are not using e-banking because they feel traditional banking is better and has a fear to transact which secure rank 1 and 2 with a mean agreement score 3.10 and 2.90 respectively and SD is 1.45 and 1.44.respectively.But minimum people opine that e-banking is unsecure. As it secure last rank. Mean and SD is 2.80 and 1.46.Illiteracy also not matter behind not using e-banking.

It is concluded that still in rural area people prefer traditional banking. They fear for E- banking. So there is need of training and development of e –banking in rural area.

Following table shows significance of e-banking in rural area from banker's point of view. Opinions are sought on seven different parameters with its statements, using five point likert scale. Mean and standard deviation has brought in use for analysis of data.

Table: 6: Bankers Opinion about E-banking in Rural Area

| Sr | Category | Statements | Public sector | | Private sector | | Co-operative sector | | Total banks | |
|----|---------------------|--|---------------|------|----------------|------|---------------------|------|-------------|------|
| | | | M | SD | M | SD | M | SD | M | SD |
| 1 | Time | a)E-banking saves our time | 4.67 | 0.48 | 4.43 | 0.53 | 4.46 | 0.89 | 4.53 | 0.75 |
| | | b)Saved time can be used for other productive work | 4.58 | 0.66 | 4.29 | 0.49 | 4.52 | 0.83 | 4.52 | 0.75 |
| | | c)It reduces burden of long ques | 4.61 | 0.79 | 4.29 | 0.49 | 4.39 | 0.82 | 4.46 | 0.79 |
| 2 | Efficiency | a)Many repetitive and tedious tasks have now been fully automated resulting in greater Efficiency | 4.58 | 0.71 | 4.29 | 0.49 | 4.50 | 0.60 | 4.51 | 0.63 |
| | | b)burden of rush reduced so efficiency increases | 4.48 | 0.67 | 4.14 | 0.38 | 4.59 | 0.50 | 4.52 | 0.56 |
| 3 | Competitive | a)The rise of E-banking has made banks more competitive. | 4.21 | 0.99 | 4.29 | 0.49 | 4.54 | 0.69 | 4.41 | 0.80 |
| | | b)It has also led to expansion of the banking industry, opening of new avenues for banking operations. | 4.24 | 0.79 | 4.43 | 0.53 | 4.63 | 0.68 | 4.48 | 0.73 |
| | | c) It has added number of transactions | 4.09 | 1.04 | 4.29 | 0.49 | 4.05 | 0.46 | 4.67 | 0.66 |
| | | d) It has added revenue to the bank | 4.03 | 1.08 | 4.29 | 0.49 | 4.54 | 0.76 | 4.34 | 0.89 |
| | | e) Electronic banking has also helped bank in proper documentation of their records and transactions | 3.88 | 1.14 | 4.29 | 0.49 | 4.46 | 0.89 | 4.25 | 1.00 |
| 4 | Cost | The growth of E-banking has greatly helped the banks in controlling their overheads and operating cost | 3.94 | 1.22 | 4.00 | 0.58 | 4.34 | 0.88 | 4.18 | 1.01 |
| 5 | Less docum-entation | Electronic banking has greatly helped the banking industry to reduce paper work, thus helping them to move the paper less environment. | 3.94 | 1.48 | 4. | 1. | 4.41 | 1.07 | 4.22 | 1.23 |
| 6 | Social Status | Electronic banking helps to improve Social Status of rural people | 3.79 | 1.45 | 3.57 | 1.51 | 4.30 | 1.19 | 4.07 | 1.32 |
| 7. | Quality | Quality of service improves | 3.57 | 1.54 | 5.00 | 0 | 4.48 | 0.50 | 4.03 | 1.14 |

Source: (Field data)

Above table 6 shows viewpoint of bankers regarding e-banking in rural area. Opinions agreement mean score ranges from 4.03 to 4.67, and SD ranges from 0.67 to 1.14. Mean is above 4 reveals high significance of e-banking in rural area.

The point of view of maximum bankers is that the e-banking system has added number of transactions as well the e-banking system saves their time than the prior. E-banking system has added number of transactions having mean value 4.67 secures 1st rank while with mean value 4.53 of the e-banking system saves their time, secures 2nd rank their SD are 0.66 and 0.75 respectively. Whereas very less banker’s viewpoint is due to E-banking system the quality of service has improved, where the mean is 4.03 and SD is 1.14

In sector wise analysis it has seen with public sector bankers opine that due to e-banking time saves as mean significant score rated is 4.67 while they are disagree about electronic banking helps to improve quality of service as its mean significance score is 3.57 little less to significance level

Whereas in private sector bankers strongly agree that, due to e-banking quality of service improves as its mean is 5 and SD is zero. While they are disagree about electronic banking helps to improve social status of rural people which have mean score of 3.57 which is below complete agreement.

In Co-operative sector like public sector that e-banking has added revenue to the bank which has shown from the mean acceptance score of 4.57 by the bankers.

Concluding the discussion on bankers opinion about e-banking in rural area that bankers agree that e-banking is significant in

rural area as it saves bankers time but there is moderate agreement in bankers that due to e-banking quality of service improves since opinion mean score of this variable is 4.03 which is high but standard deviation is high i.e. 1.14 it shows that there are deviations in opinion in bankers.

Hypothesis Testing:

H05: Selected E-banking services add significant values to the rural banking customer.

The hypothesis tested on the opinion sought from customers and even perception of bankers.

Sample customers were asked to opine on 23 perceived benefits rendered by e-banking services on five point likert type of scale ranging from strongly agree to strongly disagree. The mean of all these 23 statements were worked out and one sample test has been used to test the hypothesis.

H0: $\mu = 4$

H1: μ

H1: μ

The 23 variables across seven different categories were asked to opine on. These categories are, time, place, safety, convenience, mobility, low errors but fast efficiency and development.

Following table shows the one sample ‘t’ test at test which reveal agreement towards variables under process.

Table: 7:One sample ‘t’ for perception of customers on significance of E-banking.

| Description | Test Value = 4 | | | | | |
|--|----------------|-----|-----------------|-----------------|---|--------|
| | T | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | Lower | Upper |
| Average of perception of Significance of E - banking in Rural area by customer | -2.740 | 442 | .006 | -.0710 | -.1220 | -.0201 |

Source: (Compiled by researcher)

Above table 7 shows the calculated ‘t’ is -2.740 with 442 df. and ‘p’ value at 5% level of significance is 0.006 hence the null hypothesis is rejected and alternative hypothesis is accepted. Since the t value is negative it states that the samples are not agree with the significant impact of e-banking on the rural people.

The sample bank account holders are not seems to be much aware of e-banking facilities. The samples who aware of e-banking facilities are again doubtful to what extent they know these facilities and the extent they use it.

Sample bankers were also asked to opine on 14 different variables across seven categories viz. time, efficiency, competitive, cost, less documentation, social status and quality. The perceptual opinions were sought on five point likert type of scale ranging from strongly agree to strongly disagree.

Following table shows the one sample ‘t’ test at test value 4 which reveal agreement towards variables under process

Table 8: One sample ‘t’ for perception of bankers on significance of E-banking.

| Description | Test Value = 4 | | | | | |
|--|----------------|----|-----------------|-----------------|---|-------|
| | T | df | Sig. (2-tailed) | Mean Difference | 95% Confidence Interval of the Difference | |
| | | | | | Lower | Upper |
| Average of perception of Significance of E - banking in Rural area | 6.560 | 95 | .000 | .354 | .247 | .462 |

Source: (Compiled by researcher)

Table 8 shows the value of calculated ‘t’ is 6.560 at 95df. ‘p’ value at 5% level of significance is 0.000 reveals to reject null hypothesis and accept the alternative hypothesis i.e. the e-banking services added value to the rural people.

Looking towards the perceptions of bank account holders and bankers on the impact of e-banking services to the life of values of rural masses especially bank account holders the null hypothesis is rejected and alternative hypothesis is accepted. But in the case of rural bank account holders the alternative hypothesis $\mu = 4$ is accepted this reveals that the samples are not agreeing on the impact of e-banking on adding significant value to the life of rural people. On the contrary the bank officials are at the opinion it has added the significant value to the life of rural people. This shows that there is significant gap in the perceptions. In such case the opinions of customers should be taken for further decision making.

Findings and Conclusion:

From this research it has been found that 66.5% samples are not aware about e-banking. Among e-banking services maximum i.e. 99.3 % of customers use ATM card/ Debit card/ Credit card and balance Inquiry service .Whereas Stock & trading (DMAT) and mini statement of account these services are availed less. Bankers agree that e-banking is significant in rural area as it saves bankers time but there is moderate agreement in customer that due to e-banking quality of service improves. Reasons for not using e-banking in rural area are found that they feel traditional banking is better and they fear to such transactions.

Connectivity problem is a major problem in rural area. Both banks and customers face this problem. Backup power problem, Load shedding problems are also arises in rural area frequently. During demoralization period people in rural area have to suffer more due to these problems.

People in rural area are becoming aware about e -banking service. So banks should arrange training programme for customers for how to use e -banking services. So that fear of machines and unfaith on e-banking will minimize.

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